



ARIZONA STATE RETIREMENT SYSTEM

3300 NORTH CENTRAL AVENUE • PO BOX 33910 • PHOENIX, AZ 85067-3910 • PHONE (602) 240-2000
7660 EAST BROADWAY BOULEVARD • SUITE 108 • TUCSON, AZ 85710-3776 • PHONE (520) 239-3100
TOLL FREE OUTSIDE METRO PHOENIX AND TUCSON 1 (800) 621-3778
EMAIL ADDRESS: ASKMAC@AZASRS.GOV • WEB ADDRESS: WWW.AZASRS.GOV

Paul Matson
Director

SUMMARY OF A PUBLIC MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM EXTERNAL AFFAIRS COMMITTEE

HELD ON
September 18, 2012
2:00 p.m., Arizona Time

The External Affairs Committee (EAC) of the Arizona State Retirement System (ASRS) met in the 14th Floor Conference Room of the ASRS Office, 3300 North Central Avenue, Phoenix, AZ, 85012. Mr. Kevin McCarthy, Chair, called the meeting to order at 2:03 p.m., Arizona Time.

This meeting was teleconferenced to the ASRS Tucson office at 7660 East Broadway Boulevard, Suite 108, Tucson, Arizona, 85710.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Kevin McCarthy, Chair
Mr. Brian McNeil

Absent: Mr. Tom Manos

A quorum was present for the purpose of conducting business.

2. Presentation, Discussion, and Appropriate Action with respect to Legislative Initiatives and Legislative Update

Mr. Patrick Klein, Assistant Director of External Affairs, gave an overview on the purpose of the meeting, informing the Committee of the intended follow-up from the previous meeting which took place on Friday, September 7, 2012. Mr. Klein presented Ms. Lesli Sorensen, Government Relations Officer to inform the committee of new developments and requests for motions.

Ms. Lesli Sorensen, Government Relations Officer, provided updates on legislative issues for 2013. The issues included:

- Administration – Federal Conforming Changes, Amortization Period, and Member Identity Security
- Health Insurance – ASRS Self-Insurance
- Long Term Disability – LTD Program Plan Design Changes
- Plan Design – PBI for New Members, and Salary Spiking
- Survivor Benefits – Non-retired Survivor Benefits Redesign

Additional Items for Consideration:

- Actuarial Estimates for Benefit Increase Legislation
- Charter School Membership
- Full-Time Court Commissioner Membership Requirement

The Additional Items for Consideration were not moved forward as part of the package.

Motion: Mr. Brian McNeil moved to forward to the ASRS Board a recommendation that the Board approve the 2013 legislative initiatives presented by staff.

Mr. McNeil further recommended that the Board support all initiatives with the exception of the LTD Program Plan Design Changes and Eliminating the PBI for New Members, on which the Board should have a “neutral” position, but should provide information to the Legislature on the impact of these initiatives on the Fund.

Mr. McNeil further recommended that the Board permit Staff to make all language changes and negotiate as necessary to obtain the most effective and efficient legislative provisions within the construct of today’s discussion.

Mr. Kevin McCarthy seconded the motion.

By a vote of 2 in favor, 0 opposed, 0 abstentions and 1 excused, the motion was approved.

Motion: Mr. Brian McNeil moved to forward to the ASRS Board with a recommendation that the Board oppose legislation to eliminate the Alternate Contribution Rate for pre-July 1, 2011 hires.

Mr. Kevin McCarthy seconded the motion.

By a vote of 2 in favor, 0 opposed, 0 abstentions and 1 excused, the motion was approved.

3. Call to the Public

Due to the Executive Session on Agenda Item 4, Mr. Kevin McCarthy, Chair, asked for the Call to the Public.

Public Member Mr. Steve Ramos, Representative, AEA Retired Association, addressed the Committee. Mr. Ramos agreed with the ASRS on adjusting benefit expenditures. On behalf of other members, Mr. Ramos expressed concerns surrounding the elimination of PBI benefits for new employees, as well as his desire for the ASRS to consider cost of living adjustments for retirees.

Public Member Ms. Linda Somo, President, AEA Retired Association, addressed the Committee. Ms. Somo thanked the ASRS Board for the decision of opposing the elimination of the Alternate Contribution Rate (ACR), for pre-July 1, 2011 hires. Ms. Somo also asked questions concerning the applicability of the ACR to substitute teachers.

4. Legal Advice Regarding Statutory Interpretation of A.R.S. § 38-727(8)

Motion: Mr. Brian McNeil moved to go into Executive Session, to seek Legal Advice Regarding Statutory Interpretation of A.R.S. § 38-727(8), at 3:03 p.m.

Mr. Kevin McCarthy seconded the motion.

By a vote of 2 in favor, 0 opposed, 0 abstentions and 1 excused, the motion was approved.

The Committee reconvened to Regular Session at 3:34 p.m.

Mr. Brian McNeil recommended that Ms. Lesli Sorensen work with the ASRS Director; PSPRS and the Legislative, Executive, and Judicial branches regarding Court Commissioners, and to proceed with the next steps for the ASRS on addressing the issues at hand.

Mr. Kevin McCarthy adjourned the meeting at 3:35 p.m.

Respectfully Submitted by,

Kajuana Warren
Committee Secretary

Date

Patrick M. Klein
Assistant Director, External Affairs Division

Date